



General Assembly

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Amendment

LCO No. 6272

SB0038906272HDO

Offered by:

REP. NARDELLO, 89th Dist.

To: Senate Bill No. 389

File No. 215

Cal. No. 280

"AN ACT CONCERNING THE CONNECTICUT CLEAN ENERGY FUND."

1 "Sec. 501. Section 16-2 of the 2008 supplement to the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective*
3 *from passage*):

4 (a) There shall continue to be a Public Utilities Control Authority,
5 which shall consist of five electors of this state, appointed by the
6 Governor with the advice and consent of both houses of the General
7 Assembly. The mission of said authority shall be to ensure that public
8 service companies are regulated consistent with the public interest and
9 provide safe, efficient, high-quality utility services, with responsive
10 customer service, at the lowest reasonable cost to ratepayers. Not more
11 than three members of said authority in office at any one time shall be
12 members of any one political party. On or before July 1, 1983, and
13 quadrennially thereafter, the Governor shall appoint three members to
14 the authority and on or before July 1, 1985, and quadrennially
15 thereafter, the Governor shall appoint two members. All such

16 members shall serve for a term of four years. The procedure prescribed
17 by section 4-7 of the 2008 supplement to the general statutes shall
18 apply to such appointments, except that the Governor shall submit
19 each nomination on or before May first, and both houses shall confirm
20 or reject it before adjournment sine die. The commissioners shall be
21 sworn to the faithful performance of their duties.

22 (b) The authority shall elect a chairperson and vice-chairperson each
23 June for one-year terms starting on July first of the same year. The vice-
24 chairperson shall perform the duties of the chairperson in his absence.

25 (c) Any matter coming before the authority may be assigned by the
26 chairperson to a panel of three commissioners, not more than two of
27 whom shall be members of the same political party. Except as
28 otherwise provided by statute or regulation, the panel shall determine
29 whether a public hearing shall be held on the matter, and [may
30 designate one or two of its members to conduct such hearing or] shall
31 appoint an examiner to ascertain the facts and report thereon to the
32 panel. The decision of the panel, if unanimous, shall be the decision of
33 the authority. If the decision of the panel is not unanimous, the matter
34 shall be referred to the entire authority for decision.

35 (d) The commissioners of the authority shall serve full time and
36 shall make full public disclosure of their assets, liabilities and income
37 at the time of their appointment, and thereafter each member of the
38 authority shall make such disclosure on or before July thirtieth of each
39 year of such member's term, and shall file such disclosure with the
40 office of the Secretary of the State. Each commissioner shall receive
41 annually a salary equal to that established for management pay plan
42 salary group seventy-five by the Commissioner of Administrative
43 Services, except that the chairperson shall receive annually a salary
44 equal to that established for management pay plan salary group
45 seventy-seven.

46 (e) To insure the highest standard of public utility regulation, on
47 and after October 1, 2007, any newly appointed commissioner of the

48 authority shall have education or training and three or more years of
49 experience in one or more of the following fields: Economics,
50 engineering, law, accounting, finance, utility regulation, public or
51 government administration, consumer advocacy, business
52 management, and environmental management. On and after July 1,
53 1997, at least three of these fields shall be represented on the authority
54 by individual commissioners at all times. Any time a commissioner is
55 newly appointed, at least one of the commissioners shall have
56 experience in utility customer advocacy.

57 (f) The chairperson of the authority, with the consent of two or more
58 other members of the authority, shall appoint an executive director,
59 who shall be the chief administrative officer of the Department of
60 Public Utility Control. The executive director shall be supervised by
61 the chairperson of the authority, serve for a term of four years and
62 annually receive a salary equal to that established for management pay
63 plan salary group seventy-two by the Commissioner of Administrative
64 Services. The executive director (1) shall conduct comprehensive
65 planning with respect to the functions of the department; (2) shall
66 coordinate the activities of the department; (3) shall cause the
67 administrative organization of the department to be examined with a
68 view to promoting economy and efficiency; (4) shall, in concurrence
69 with the chairperson of the authority, organize the department into
70 such divisions, bureaus or other units as he deems necessary for the
71 efficient conduct of the business of the department and may from time
72 to time abolish, transfer or consolidate within the department, any
73 division, bureau or other units as may be necessary for the efficient
74 conduct of the business of the department, provided such organization
75 shall include any division, bureau or other unit which is specifically
76 required by the general statutes; (5) shall, for any proceeding on a
77 proposed rate amendment in which staff of the department are to be
78 made a party pursuant to section 16-19j, determine which staff shall
79 appear and participate in the proceedings and which shall serve the
80 members of the authority; (6) may enter into such contractual
81 agreements, in accordance with established procedures, as may be

82 necessary for the discharge of his duties; and (7) may, subject to the
83 provisions of section 4-32, and unless otherwise provided by law,
84 receive any money, revenue or services from the federal government,
85 corporations, associations or individuals, including payments from the
86 sale of printed matter or any other material or services. The executive
87 director shall require the staff of the department to have expertise in
88 public utility engineering and accounting, finance, economics,
89 computers and rate design. Subject to the provisions of chapter 67 and
90 within available funds in any fiscal year, the executive director may
91 appoint a secretary, and may employ such accountants, clerical
92 assistants, engineers, inspectors, experts, consultants and agents as the
93 department may require.

94 (g) No member of the authority or employee of the department
95 shall, while serving as such, have any interest, financial or otherwise,
96 direct or indirect, or engage in any business, employment, transaction
97 or professional activity, or incur any obligation of any nature, which is
98 in substantial conflict with the proper discharge of his duties or
99 employment in the public interest and of his responsibilities as
100 prescribed in the laws of this state, as defined in section 1-85; provided,
101 no such substantial conflict shall be deemed to exist solely by virtue of
102 the fact that a member of the authority or employee of the department,
103 or any business in which such a person has an interest, receives utility
104 service from one or more Connecticut utilities under the normal rates
105 and conditions of service.

106 (h) No member of the authority or employee of the department shall
107 accept other employment which will either impair his independence of
108 judgment as to his official duties or employment or require him, or
109 induce him, to disclose confidential information acquired by him in the
110 course of and by reason of his official duties.

111 (i) No member of the authority or employee of the department shall
112 wilfully and knowingly disclose, for pecuniary gain, to any other
113 person, confidential information acquired by him in the course of and
114 by reason of his official duties or employment or use any such

115 information for the purpose of pecuniary gain.

116 (j) No member of the authority or employee of the department shall
117 agree to accept, or be in partnership or association with any person, or
118 a member of a professional corporation or in membership with any
119 union or professional association which partnership, association,
120 professional corporation, union or professional association agrees to
121 accept any employment, fee or other thing of value, or portion thereof,
122 in consideration of his appearing, agreeing to appear, or taking any
123 other action on behalf of another person before the authority, the
124 Connecticut Siting Council, the Office of Policy and Management or
125 the Commissioner of Environmental Protection.

126 (k) No commissioner of the authority shall, for a period of one year
127 following the termination of his or her service as a commissioner,
128 accept employment: (1) By a public service company or by any person,
129 firm or corporation engaged in lobbying activities with regard to
130 governmental regulation of public service companies; (2) by a certified
131 telecommunications provider or by any person, firm or corporation
132 engaged in lobbying activities with regard to governmental regulation
133 of persons, firms or corporations so certified; or (3) by an electric
134 supplier or by any person, firm or corporation engaged in lobbying
135 activities with regard to governmental regulation of electric suppliers.
136 No such commissioner who is also an attorney shall in any capacity,
137 appear or participate in any matter, or accept any compensation
138 regarding a matter, before the authority, for a period of one year
139 following the termination of his or her service as a commissioner.

140 Sec. 502. (NEW) (*Effective from passage*) In any proceeding, other than
141 a rate case proceeding held pursuant to section 16-19 of the general
142 statutes, before the Department of Public Utility Control involving
143 more than five hundred thousand dollars, the department shall, as part
144 of the proceeding, other than a rate case proceeding held pursuant to
145 section 16-19 or 16-19b of the general statutes, or a reconciliation of rate
146 components, including, but not limited to, the competitive transition
147 assessment, systems benefits charge, generation services charge and

148 transmission adjustment or charge and federally mandated congestion
149 charges, conduct an analysis to determine whether its decision would
150 have an overall negative cost impact on ratepayers. For any decision
151 determined to have a negative cost impact on ratepayers, the
152 department shall report this fact to the president pro tempore of the
153 Senate, the speaker of the House of Representatives and the joint
154 standing committee of the General Assembly having cognizance of
155 matters relating to energy at least sixty days before taking any action
156 or requiring any action that implements the ruling, provided the sixty-
157 day period may be shortened or eliminated if the department
158 determines that there is a reliability emergency.

159 Sec. 503. Section 16-19e of the 2008 supplement to the general
160 statutes is repealed and the following is substituted in lieu thereof
161 (*Effective from passage*):

162 (a) In the exercise of its powers under the provisions of this title,
163 including, but not limited to, the [Department of Public Utility Control
164 shall examine and regulate] examination and regulation of the transfer
165 of existing assets and franchises, the expansion of the plant and
166 equipment of existing public service companies, the operations and
167 internal workings of public service companies and the establishment of
168 the level and structure of rates, the Department of Public Utility
169 Control shall act in accordance with the following principles: (1) That
170 there is a clear public need for the service being proposed or provided;
171 (2) that the public service company shall be fully competent to provide
172 efficient and adequate service to the public in that such company is
173 technically, financially and managerially expert and efficient; (3) that
174 the department and all public service companies shall perform all of
175 their respective public responsibilities consistent with the public
176 interest with economy, efficiency and care for public safety and energy
177 security, and so as to promote economic development within the state
178 with consideration for energy and water conservation, energy
179 efficiency and the development and utilization of renewable sources of
180 energy and for the prudent management of the natural environment;
181 (4) that the level and structure of rates be just and reasonable and

182 sufficient, but no more than sufficient, to allow public service
183 companies to cover their operating costs including, but not limited to,
184 appropriate staffing levels, and capital costs, to attract needed capital
185 and to maintain their financial integrity, and yet provide appropriate
186 protection to the relevant public interests, both existing and
187 foreseeable which shall include, but not be limited to, reasonable costs
188 of security of assets, facilities and equipment that are incurred solely
189 for the purpose of responding to security needs associated with the
190 terrorist attacks of September 11, 2001, and the continuing war on
191 terrorism; (5) that the level and structure of rates charged customers
192 shall reflect prudent and efficient management of the franchise
193 operation; and (6) that the rates, charges, conditions of service and
194 categories of service of the companies not discriminate against
195 customers which utilize renewable energy sources or cogeneration
196 technology to meet a portion of their energy requirements.

197 (b) The Department of Public Utility Control shall promptly
198 undertake a separate, general investigation of, and shall hold at least
199 one public hearing on new pricing principles and rate structures for
200 electric companies and for gas companies to consider, without
201 limitation, long run incremental cost of marginal cost pricing, peak
202 load or time of day pricing and proposals for optimizing the utilization
203 of energy and restraining its wasteful use and encouraging energy
204 conservation, and any other matter with respect to pricing principles
205 and rate structures as the department shall deem appropriate. The
206 department shall determine whether existing or future rate structures
207 place an undue burden upon those persons of poverty status and shall
208 make such adjustment in the rate structure as is necessary or desirable
209 to take account of their indigency. The department shall require the
210 utilization of such new principles and structures to the extent that the
211 department determines that their implementation is in the public
212 interest and necessary or desirable to accomplish the purposes of this
213 provision without being unfair or discriminatory or unduly
214 burdensome or disruptive to any group or class of customers, and
215 determines that such principles and structures are capable of yielding

216 required revenues. In reviewing the rates and rate structures of electric
217 and gas companies, the department shall take into consideration
218 appropriate energy policies, including those of the state as expressed
219 in subsection (c) of this section. The authority shall issue its initial
220 findings on such investigation by December 1, 1976, and its final
221 findings and order by June 1, 1977; provided that after such final
222 findings and order are issued, the department shall at least once every
223 two years undertake such further investigations as it deems
224 appropriate with respect to new developments or desirable
225 modifications in pricing principles and rate structures and, after
226 holding at least one public hearing thereon, shall issue its findings and
227 order thereon.

228 (c) The Department of Public Utility Control shall consult at least
229 once each year with the Commissioner of Environmental Protection,
230 the Connecticut Siting Council and the Office of Policy and
231 Management, so as to coordinate and integrate its actions, decisions
232 and policies pertaining to gas and electric companies, so far as
233 possible, with the actions, decisions and policies of said other agencies
234 and instrumentalities in order to further the development and
235 optimum use of the state's energy resources and conform to the
236 greatest practicable extent with the state energy policy as stated in
237 section 16a-35k, taking into account prudent management of the
238 natural environment and continued promotion of economic
239 development within the state. In the performance of its duties, the
240 department shall take into consideration the energy policies of the
241 state as expressed in this subsection and in any annual reports
242 prepared or filed by such other agencies and instrumentalities, and
243 shall defer, as appropriate, to any actions taken by such other agencies
244 and instrumentalities on matters within their respective jurisdictions.

245 (d) The Commissioner of Environmental Protection, the
246 Commissioner of Economic and Community Development, the
247 Connecticut Siting Council and the Office of Policy and Management
248 shall be made parties to each proceeding on a rate amendment
249 proposed by a gas, electric or electric distribution company based

250 upon an alleged need for increased revenues to finance an expansion
251 of capital equipment and facilities, and shall participate in such
252 proceedings to the extent necessary.

253 (e) The Department of Public Utility Control, in a proceeding on a
254 rate amendment proposed by an electric distribution company based
255 upon an alleged need for increased revenues to finance an expansion
256 of the capacity of its electric distribution system, shall determine
257 whether demand-side management would be more cost-effective in
258 meeting any demand for electricity for which the increase in capacity is
259 proposed.

260 (f) The provisions of this section shall not apply to the regulation of
261 a telecommunications service which is a competitive service, as
262 defined in section 16-247a, or to a telecommunications service to which
263 an approved plan for an alternative form of regulation applies,
264 pursuant to section 16-247k.

265 (g) The department may, upon application of any gas or electric
266 public service company, which has, as part of its existing rate plan, an
267 earnings sharing mechanism, modify such rate plan to allow the gas or
268 electric public service company, after a hearing that is conducted as a
269 contested case, in accordance with chapter 54, to include in its rates the
270 reasonable costs of security of assets, facilities, and equipment, both
271 existing and foreseeable, that are incurred solely for the purpose of
272 responding to security needs associated with the terrorist attacks of
273 September 11, 2001, and the continuing war on terrorism.

274 Sec. 504. (NEW) (*Effective from passage*) When the consumer
275 protection division of the Department of Public Utility Control
276 determines a pattern or trend of complaints of a similar nature
277 regarding a public service company, the department shall initiate an
278 uncontested case proceeding to consider the complaints and determine
279 a resolution to the complaints within forty-five days. On or before
280 February 15, 2009, and annually thereafter, the department shall report
281 any trends and actions relative to such complaints to the joint standing

282 committee of the General Assembly having cognizance of matters
283 relating to energy.

284 Sec. 505. Subsection (a) of section 16-243i of the general statutes is
285 repealed and the following is substituted in lieu thereof (*Effective from*
286 *passage*):

287 (a) The Department of Public Utility Control shall, not later than
288 January 1, 2006, establish a program to grant awards to retail end use
289 customers of electric distribution companies to fund the capital costs of
290 obtaining projects of customer-side distributed resources, as defined in
291 section 16-1 of the 2008 supplement to the general statutes. Any project
292 shall receive a one-time, nonrecurring award in an amount of not less
293 than two hundred dollars and not more than five hundred dollars per
294 kilowatt of capacity for such customer-side distributed resources,
295 recoverable from federally mandated congestion charges, as defined in
296 section 16-1 of the 2008 supplement to the general statutes. No such
297 award may be made unless the projected reduction in federally
298 mandated congestion charges attributed to the project for such
299 distributed resources is greater than the amount of the award. The
300 amount of an award shall depend on the projected impact that the
301 customer-side distributed resources project has on reducing [federally
302 mandated congestion charges, as defined in section 16-1] charges paid
303 by Connecticut ratepayers for electric energy, capacity or reserves over
304 the next five years, as determined by the department after a hearing.
305 The department shall determine the qualifications of a grant applicant
306 and the amount of any award on an individual basis, not by applying a
307 single set of assumptions to a class of applicants. Not later than
308 October 1, 2005, the department shall conduct a contested case
309 proceeding, in accordance with chapter 54, to establish additional
310 standards for the amount of such awards and additional criteria and
311 the process for making such awards."